

Message Text

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PAGE 01 STOCKH 01144 210853Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 AGRE-00 DOE-15 SOE-02 /118 W
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R 210901Z MAR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3348
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK

UNCLAS STOCKHOLM 1144

USEEC

USOECD

E.O. 11652: N/A
TAGS: ECON, SW, ELAB
SUBJECT: GOS INTRODUCES GENERAL PRICE SURVEILLANCE SYSTEM

REF: (A) 77 STOCKHOLM 3603, (B) STOCKHOLM 1005

1. THE SWEDISH PRESS REPORTED ON MARCH 18 THAT THE GOVERNMENT
HAD TAKEN A DECISION TO INTRODUCE A GENERAL MANADATORY REPORTING
REQUIREMENT, EFFECTIVE MIDNIGHT ON MARCH 17, FOR ALL PRICE
INCREASES PLANNED BY FIRMS AND CENTRAL GOVERNMENT AGENCIES.
LOCAL GOVERNMENTS ARE EXCLUDED FROM THE REQUIREMENT.

2. ANY FIRM OR CENTRAL GOVERNMENT AGENCY NOW WISHING TO IN-
CREASE ITS PRICES MUST GIVE THE PRICE AND CARTEL OFFICE (PCO)
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ONE MONTH'S PRIOR NOTIFICATION. THE PCO WILL THEN ASSESS
WHETHER THE INCREASE IS JUSTIFIED AND, IF NECESSARY, NEGOTIATE
WITH THE FIRM OR AGENCY. THE GOVERNMENT ITSELF WILL
HAVE THE FINAL SAY IN CASE OF DISPUTE.

3. COMMERCE MINISTER STAFFAN BURENSTAM LINDER TOLD THE
PRESS THAT THE GUIDELINES FOR THE PCO'S ASSESSMENTS

WOULD, PRIMARILY, BE THOSE GIVEN BY THE GOVERNMENT LAST FALL, FOLLOWING THE TEMPORARY GENERAL PRICE FREEZE INTRODUCED IN CONJUNCTION WITH THE TEN PERCENT AUGUST DEVALUATION (REFTEL A). ON THAT OCCASION, THE GOVERNMENT DECREED THAT NO PRICE INCREASES WERE TO BE ALLOWED TO COMPENSATE FOR WAGE DRIFT, EXPECTED COST INCREASES, OR A FALL IN SALES VOLUME.

4. THE NEW GENERAL REPORTING REQUIREMENT IS A PART OF THE GOVERNMENT'S EFFORTS TO CONTAIN 1978 INFLATION WITHIN THE 7.25 PERCENT FEBRUARY-DECEMBER MAXIMUM SET IN THE COLLECTIVE WAGE AGREEMENT SIGNED RECENTLY BY LABOR AND MANAGEMENT (REFTEL B). "ALTHOUGH PRICE INCREASES ARE SLOWING DOWN, THERE ARE STILL INFLATIONARY EXPECTATIONS IN VARIOUS SECTORS OF THE ECONOMY WHICH COULD COUNTERACT THIS TREND TEMPORARILY," MINISTER BURENSTAM LINDER WAS QUOTED AS SAYING BY WAY OF COMMENT. "FIRMS WILL HAVE TO TRY TO DEAL WITH THE WAGE INCREASES OF THE NEW AGREEMENT BY IMPROVING PRODUCTIVITY RATHER THAN BY RAISING PRICES, AND THE BEST WAY OF DOING THIS IS TO INCREASE SALES," HE CONCLUDED.

5. CERTAIN COMMODITIES (SAWLOGS, PULPWOOD, SOME KINDS OF LUMBER, HIDES, SKINS, AND FURS, AND SOME INSULATING MATERIALS) WERE ALREADY COVERED BY MANDATORY REPORTING REQUIREMENT. MEAT PRODUCTS, MILK, CHEESE, UNCLASSIFIED

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FLOUR BREAD, CEMENT ROOFING TILES, BRICK, AND SAWN AND PLANED WOOD PRODUCTS ARE ALREADY SUBJECT TO PRICE FREEZE.
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